

Memorandum

Date: January 20, 1999

To: Eloisa Bunn
Internal Auditor

From: Lester A. Snow
Executive Director



Subject: Audit of CALFED's Category III Project Processes

As we discussed on Friday, January 8, 1999, please proceed with an audit of CALFED's Category III Project processes. Category III projects are related to efforts identified in Proposition 204, passed in 1996, to restore the ecosystem in the Bay Delta.

To date, approximately \$60 million in Prop 204 funds for early restoration projects have been allocated. In addition, CALFED is scheduled to begin identifying projects for another \$390 million sometime in FY00. It is extremely important the processes used for identifying projects, allocating funds, tracking progress, and making payments to the project contractors are in compliance with Public Contract Law and any other regulatory requirements which may apply. Therefore, a review of the processes used for the \$60 million is critical as we move into an expanded scope of the program. We want to ensure accountability and responsibility for both contractors and CALFED in the use of these funds.

Your contacts in CALFED will be Wendy Halverson-Martin, Chief of Ecosystem Restoration Implementation, and/or Lynda Marty, Chief of Budgets and Contracts. This review is a high priority for CALFED and we would appreciate anything you can do to expedite the review.

Also, attached for your review is a copy of a report on what issues may need to be addressed in the audit.

Thank you for your help in this matter. If you need further information, please don't hesitate to contact us.

Attachment

cc: Steve Ritchie
Wendy Halverson-Martin
Lynda Marty

CALFED Agencies

California The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board

Federal Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
U.S. Army Corps of Engineers

Department of Agriculture
Natural Resources Conservation Service
Department of Commerce
National Marine Fisheries Service